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Division of Public Transportation

Pace 1987 Operating and Capital Program and 1987-89 Financial Plan



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NORTHWESTERN

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EXECUTIVE SUMMARY

This document contains the Pace 1987 budget and operating program. The total expense budget for 1987 is \$70 million, or almost exactly the same amount as in 1986. Riders fares are expected to pay approximately \$19.9 million of those costs, with the balance coming from subsidies from the Regional Transportation Authority. No fare increase is planned in 1987.

The money will be spent to provide bus and paratransit service in the six-county area of suburban Chicago. Pace plans to spend \$44.5 million on regular bus service and \$5.2 million on paratransit services in 1987.

The RTA requires that Pace's total subsidy not exceed \$49.7 million in 1987. In addition, Pace must achieve a farebox recovery ratio of 29.32 percent next year. This means that fares from Pace's riders must cover at least 29.32 percent of the costs of operating the system.

Pace's budget meets these requirements. In doing so, however, the budget places severe constraints on the amount of new or expanded bus service Pace can provide. Only those services still pending from 1986 and improvements to existing service will definitely be implemented in 1987. The cost of other new service must be balanced by savings from eliminating existing poorly-performing services.

The budget also includes a summary of Pace's capital budget and program. Pace expects to receive an allocation of \$18.7 million in capital funds in the 1987 program. Approximately \$12.75 million will be spent to buy new buses as part of Pace's plan to replace its entire fleet of aging buses over the next five years. Other capital funds will be used to buy major bus components and buy bus stop signs and maintenance equipment.

INTRODUCTION

The Pace system

Pace, the Suburban Bus Division of the Regional Transportation Authority, was created in 1984 as part of legislation reorganizing mass transit in northeastern Illinois. Pace provides bus and paratransit service to suburban Cook County and DuPage, Kane, Lake, McHenry and Will counties, an area of 3,446 square miles, nearly the size of the state of Connecticut. The suburban area is the most rapidly-growing part of metropolitan Chicago, with a population of approximately 4.2 million and an employment population of nearly 2 million.

Pace is governed by a twelve-member board of directors made up of current and former suburban village presidents and city mayors. Florence Boone, former village president of Glencoe, chairs the board.

Pace provides funding for 235 regular bus routes. It owns and operates four suburban carriers and contracts with eight municipal carriers. In addition, Pace is one of the leading practitioners in the area of privatization, contracting with 11 private bus companies to provide service on 92 routes.

Pace also subsidizes 57 paratransit services that provide door-to-door transportation for the elderly and disabled and, in some areas, the general public. Existing paratransit services cover more than 75 percent of the six-county area. Pace works closely with townships and other units of local government to provide this service.

Outlook for 1987

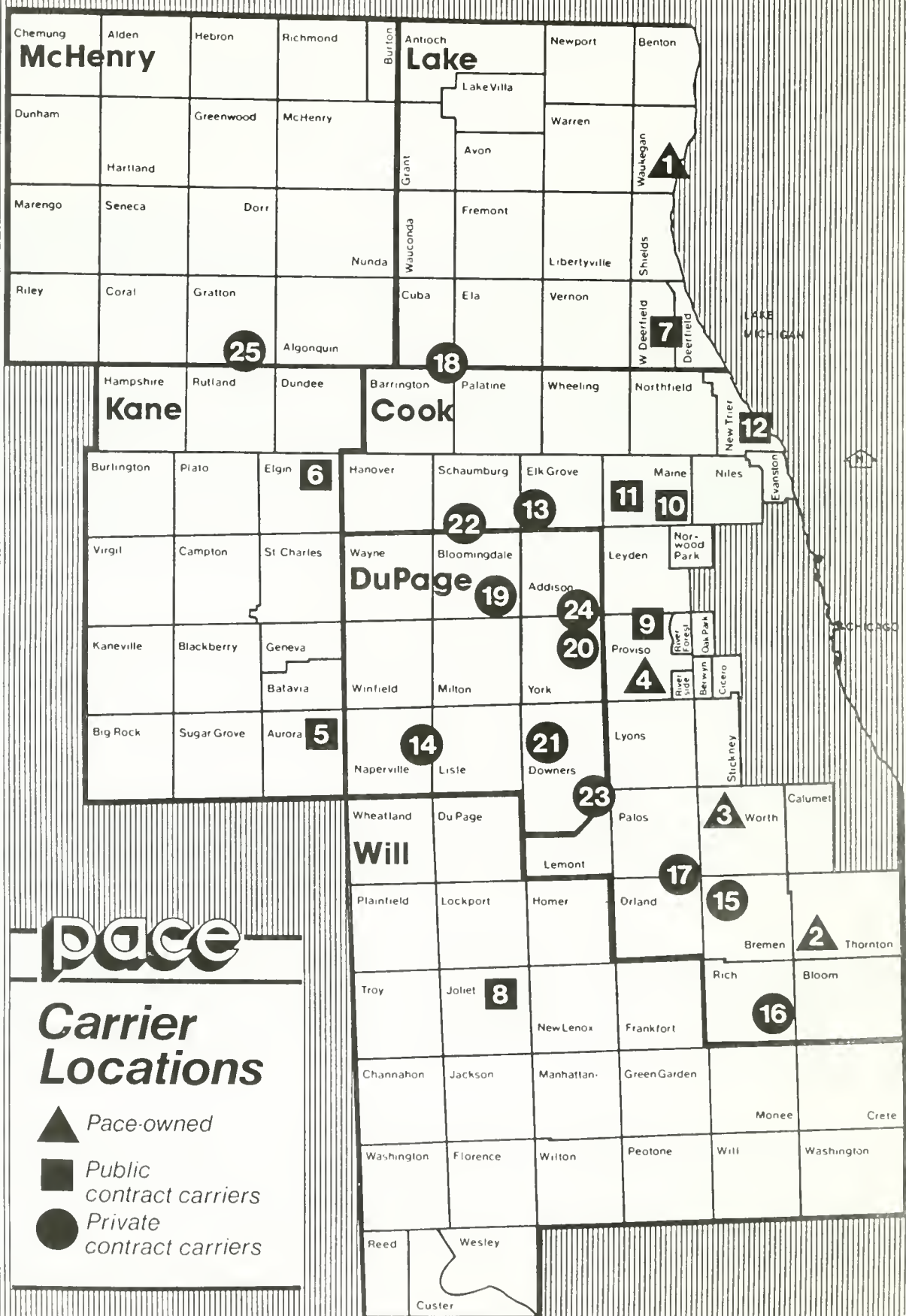
This document contains Pace's detailed 1987 operating and capital programs and long-range financial plan. The 1987 budget calls for maintaining almost all of the existing Pace system, with only the most inefficient routes slated for elimination. The budget also includes a modest new service program.

One of the highlights of 1987 will be a special project in which regular buses serving Waukegan, northern Lake County and McHenry County will be equipped with wheelchair lifts in order to make the buses accessible to the disabled. This project, which began late in 1986, is designed to test the feasibility of operating a fully-accessible fleet of mainline buses.

Pace's paratransit program in 1987 will continue to improve service, concentrating on providing specialized transportation to larger areas and finding new sources of funding. Pace will coordinate these efforts, using a \$1 million state grant for transportation for the mobility limited provided in 1986.

Replacing the aging bus fleet will be the key initiative of Pace's 1987 capital program. Pace owns a fleet made up of GMC buses that are reaching the end of their useful lives and Grumman buses that have had a history of problems. As a result, Pace intends to accelerate its bus replacement cycle, purchasing 85 new vehicles in 1987.

1987 promises to be a challenging year. After setting an all-time record for ridership in 1985, Pace's ridership has slumped by approximately 4 percent in 1986, the result of a fare increase implemented in February and a sharp drop in gasoline prices. In 1987 Pace must recover those lost riders, gain new riders, improve service to the entire suburban area and maintain the cost efficiencies achieved this year.



PACE CARRIERS

Pace-owned carriers

1. Pace North Division - serving Waukegan and north-central Lake County.
2. Pace South Division - serving south suburban Cook County, Chicago and northern Will County.
3. Pace Southwest Division - serving southwest suburban Cook County and Chicago.
4. Pace West Division - serving west suburban Cook County, eastern DuPage County and Chicago.

Public contract carriers

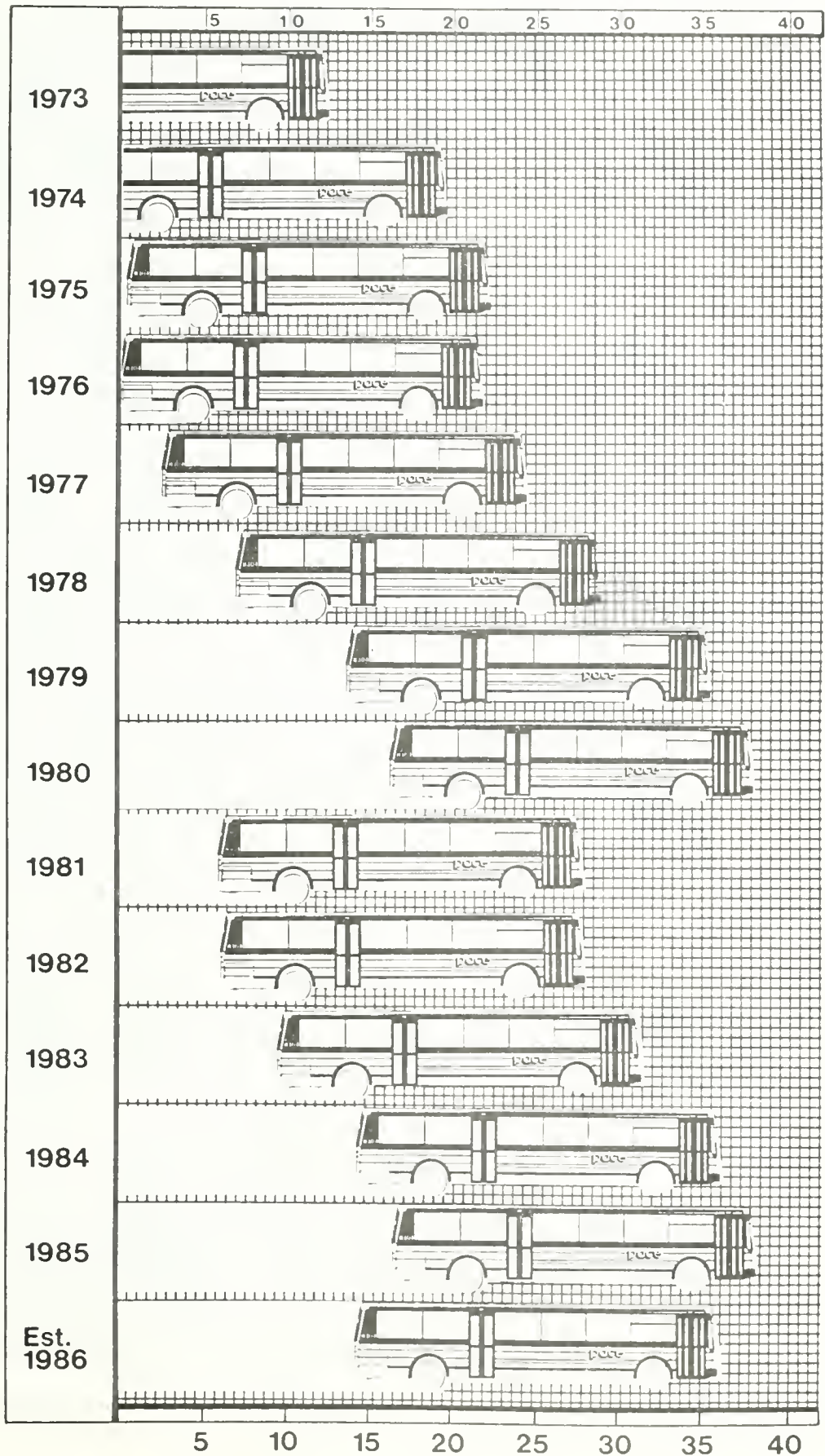
5. Aurora Transit System - serving Aurora and neighboring communities.
6. Elgin Department of Transportation - serving Elgin and neighboring communities.
7. City of Highland Park - serving Highland Park and neighboring communities.
8. Joliet Mass Transit District (JMTD) - serving Joliet, Chicago and Yorktown Center.
9. Village of Melrose Park - serving Melrose Park.
10. Village of Niles - serving Niles.
11. North Suburban Mass Transit District (NORTRAN) - serving north suburban Cook County, southern Lake County and Chicago.
12. Village of Wilmette (WILBUS) - serving Wilmette and neighboring communities.

Private contract carriers

13. CW Transportation - serving Arlington Heights, Rolling Meadows, Schaumburg and Chicago.
14. Continental Air Transport - serving Naperville, Warrenville and Lisle.
15. Illinois School Bus - serving Oak Forest.
16. Kickert School Bus - serving Country Club Hills, Chicago Heights, Flossmoor and Matteson.
17. O'Hare Express - serving the southwest suburbs and Chicago.
18. Scholastic Transit - serving Barrington, Lake Zurich, Wauconda and Northbrook.
19. Vancom/DuPage Motor Coach (Glen Ellyn) - serving Glen Ellyn, Elk Grove Village and many communities in DuPage County.
20. Vancom/DuPage Motor Coach (Maywood) - serving Elmhurst.
21. Vancom/DuPage Motor Coach (Westmont) - serving Darien, Willowbrook, Clarendon Hills, Bolingbrook, Woodridge and Lisle.
22. Vancom/Kammes (Wheaton) - Serving Arlington Heights, Rolling Meadows, Schaumburg, Roselle and Wheaton.
23. Vancom/Valley Transit (Hodgkins) - serving Burr Ridge, Hinsdale, Indian Park and Western Springs.
24. Westway Coach - serving Bloomingdale, Addison, Villa Park and northwest Cook County.
25. Worts Transit - serving McHenry County and northern Kane County.

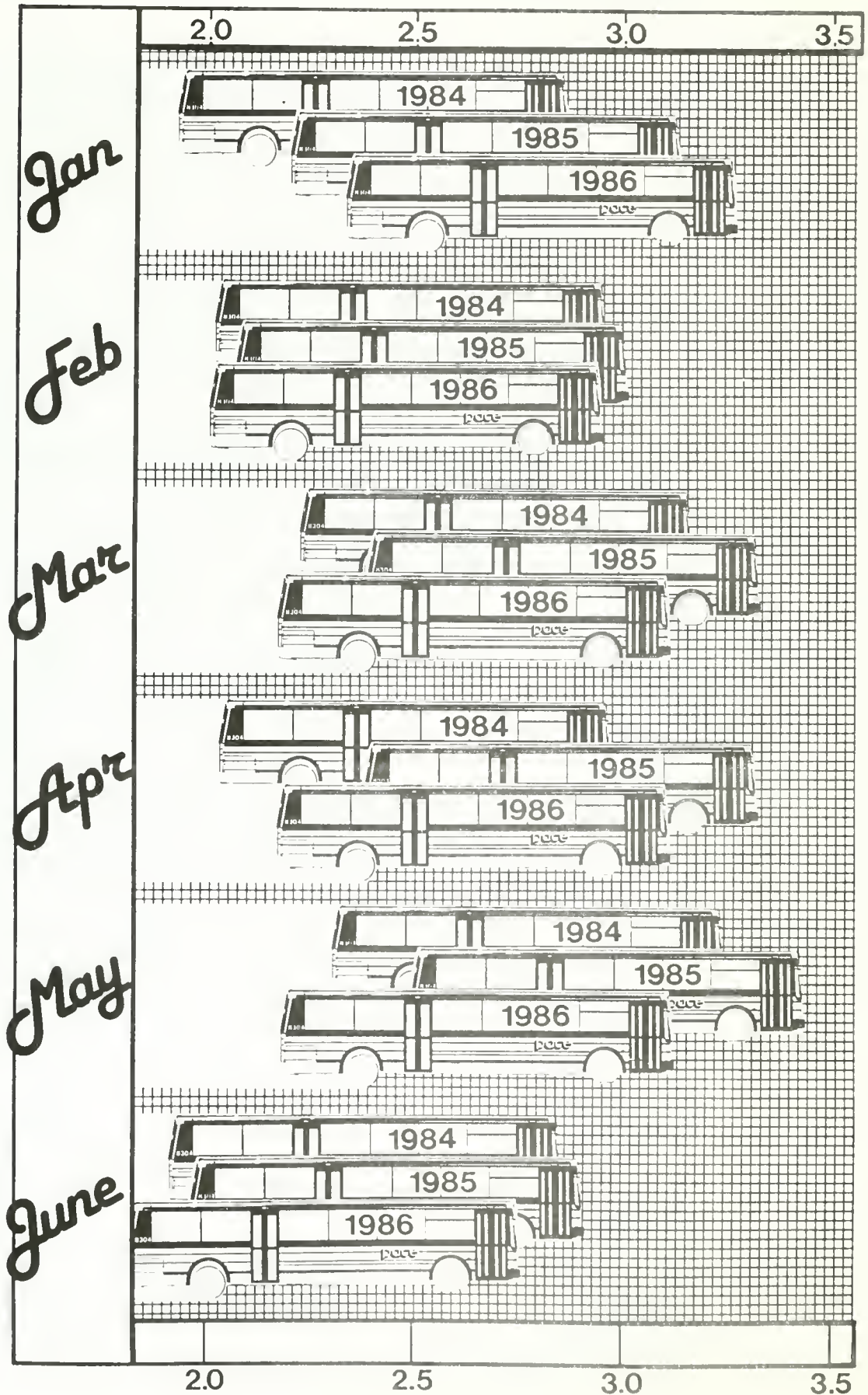
Pace Annual Calendar Year Ridership

in millions



Pace Ridership · January through June 1984, 85 & 86

in millions



1987 OPERATING BUDGET OVERVIEW

GENERAL

As required by the amended RTA Act, the RTA Board of Directors on September 12, 1986 established 1987 funding and farebox recovery ratio guidelines for each of the three service boards (CTA, Metra, and Pace) to be used as the basis for their 1987 budgets. For Pace, the key figures were:

RTA Funding for Operations	\$49,690,000
Farebox Recovery Ratio	29.32%

The budget contained in this document will achieve a 29.32 percent recovery ratio and show a balance between expenses and available funds. No fare increase is planned in 1987. In order to accomplish this, Pace will use \$476,000 of its own funds from prior years' surplus to balance the budget.

The following table summarizes the 1987 Pace budget:

PROPOSED 1987 OPERATING BUDGET (000's)

Total Operating Expense	\$ 70,116
Less: System-Generated Revenue	<u>(19,950)</u>
Funding Requirement	\$ 50,166
Less: RTA Funding for Operations	<u>\$(49,690)</u>
Balance from Pace Funds	\$ 476
System Recovery Ratio	29.32%

Several key elements make up the Pace budget. A brief description of each major component of the budget follows.

SOURCE OF FUNDS

Pace relies on two major sources of operating funds: farebox revenues and public funding provided by the RTA. Public funding is made up of three major components: sales tax, federal operating assistance and the state subsidy provided via the public transportation fund.

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1 percent sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the following distribution of sales tax receipts to the service boards and RTA.

ALLOCATION OF SALES TAX RECEIPTS

	RTA	CTA	METRA	PACE
Chicago	15%	85%	---	---
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(---	70%	30% of remaining 85%)

Pace expects to receive \$36,188,000 in sales tax revenues in 1987. This represents approximately 9.5 percent of the total RTA region's estimated receipt of \$381,900,000 which, based on RTA estimates, represents a 5.3 percent increase over 1986 levels.

Public Transportation Fund (PTF)

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the state treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25 percent of the net revenue realized from the sales tax. The RTA in its 1986 Program and Budget adopted an allocation of PTF revenues based on the dollar amount needed (after sales tax and federal operating subsidy) to make up the pro rata deficit remaining for each service board. For 1987, the RTA will allocate all PTF monies by a similar method. Pace's allocation is estimated at \$9,760,000.

Federal Operating Assistance (UMTA Section 9 Funds)

Section 4.02(a) of the Amended RTA Act grants the RTA the authority to apply for, receive and expend grants, loans and other funds from the state, federal and/or local governments. Further 4.02(c) (1) states that the RTA shall adopt a formula to apportion such funds.

The formula is to take into consideration such items as ridership levels, service efficiency, transit dependence and the cost of service, among other factors.

The formula used to apportion federal operating assistance in the RTA's 1986 budget was based on ridership, similar to the allocation in prior years. The 1987 allocation of \$2,678,000 is based on suburban bus ridership as a percent of total ridership in the region. Pace suburban bus ridership accounts for 5 percent of the total ridership in the region.

Other RTA Funds

In addition to the statutory allocations of sales taxes, federal operating assistance and public transportation fund monies, the RTA is expected to provide \$1,064,000 to Pace from its 15 percent sales tax withholding of discretionary funds. These funds are generally allocated to the service boards on an "as needed" basis.

Farebox Revenues

Pace expects to receive \$19,950,000 in farebox revenues in 1987. After implementing a major fare increase in 1986, Pace farebox revenues have increased by more than 10 percent from 1985 levels. 1987 farebox revenues are projected to grow by 3.3 percent over 1986 levels as a result of new services, aggressive marketing and continued growth in paratransit ridership.

Other Income

In addition to public funding provided by RTA, Pace expects to receive an additional \$560,000 in interest and other income in 1987.

Positive Budget Variance

After application of all RTA funding sources and Pace farebox revenues, there will be a shortfall that Pace will address by using its own funds. These funds consist of revenues generated by Pace's favorable funding position in prior years. The 1987 proposed budget requires Pace to use \$476,000 of its fund balance.

USE OF FUNDS

All funds received by Pace are used to provide, expand and support suburban bus services. The major components of the 1987 Operating Program are Pace-owned carriers, public contract carriers, private contract carriers, paratransit services, administration and centralized support, including insurance and fuel. In addition, the budget provides funding for the mobility limited program and the Grumman repairs.

Pace-owned Carriers

Pace is responsible for the direct operation of four of the largest carriers in the region. Together, the four divisions -- Pace North, Pace South, Pace West, and Pace Southwest -- carry more than 48 percent of total suburban bus ridership. Pace expects to provide \$11,624,000 to these carriers in 1987. Detailed information on the 1987 Pace-owned carrier budgets is included in the 1987 Technical Appendix.

Public Contract Carriers

Pace presently contracts with eight municipal bus operations in the six-county region. Pace is the sole source of funding for these operators, providing an estimated \$11,986,600 in 1987. The public carrier budgets for 1987 were prepared through a joint effort between carrier and Pace staff and are outlined in this section. Detailed information on the 1987 public contract carrier budgets is provided in the 1987 Technical Appendix.

Private Contract Carriers

Pace provides service to more than 75 communities by directly contracting with private transit companies. Pace expects to fund a net cost for these services of \$4,386,000 in 1987. A comprehensive list of these private contract carriers is provided in this section.

Paratransit

Pace will contract for the operation of 56 paratransit projects in 1987. Paratransit services such as dial-a-ride and shared-ride taxi programs provide accessible transportation for elderly and handicapped riders and, in some areas, the general public. These services are provided through a joint effort between each local community and Pace. Pace plans to spend \$2,568,000 for these services in 1987. Further detail for each service budget is included in this document.

Centralized Support, Insurance and Fuel

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. A detailed list of the components of the centralized support program is included in the budget summary. In total, Pace plans to spend \$10.5 million to provide fuel, insurance and other support items in 1987. The budget also provides for 58 positions in the centralized support area. Further detail on the centralized support budget is provided in this document and the 1987 Technical Appendix.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning and financial control, Pace's 1987 administrative budget identifies 111 positions in these various areas at a 1986 cost of \$7.1 million. Further detail on the administrative budget is provided in this document and the 1987 Technical Appendix.

Grumman Repair Program

Pace faces a serious problem due to the early deterioration of the 203 Grumman Flxible 870's in its fleet. While Pace and RTA develop a plan for the early retirement of these vehicles, they will remain in service until replacements are available. In order to keep these vehicles operating, Pace has budgeted \$1.0 million for repairs on an as-needed basis.

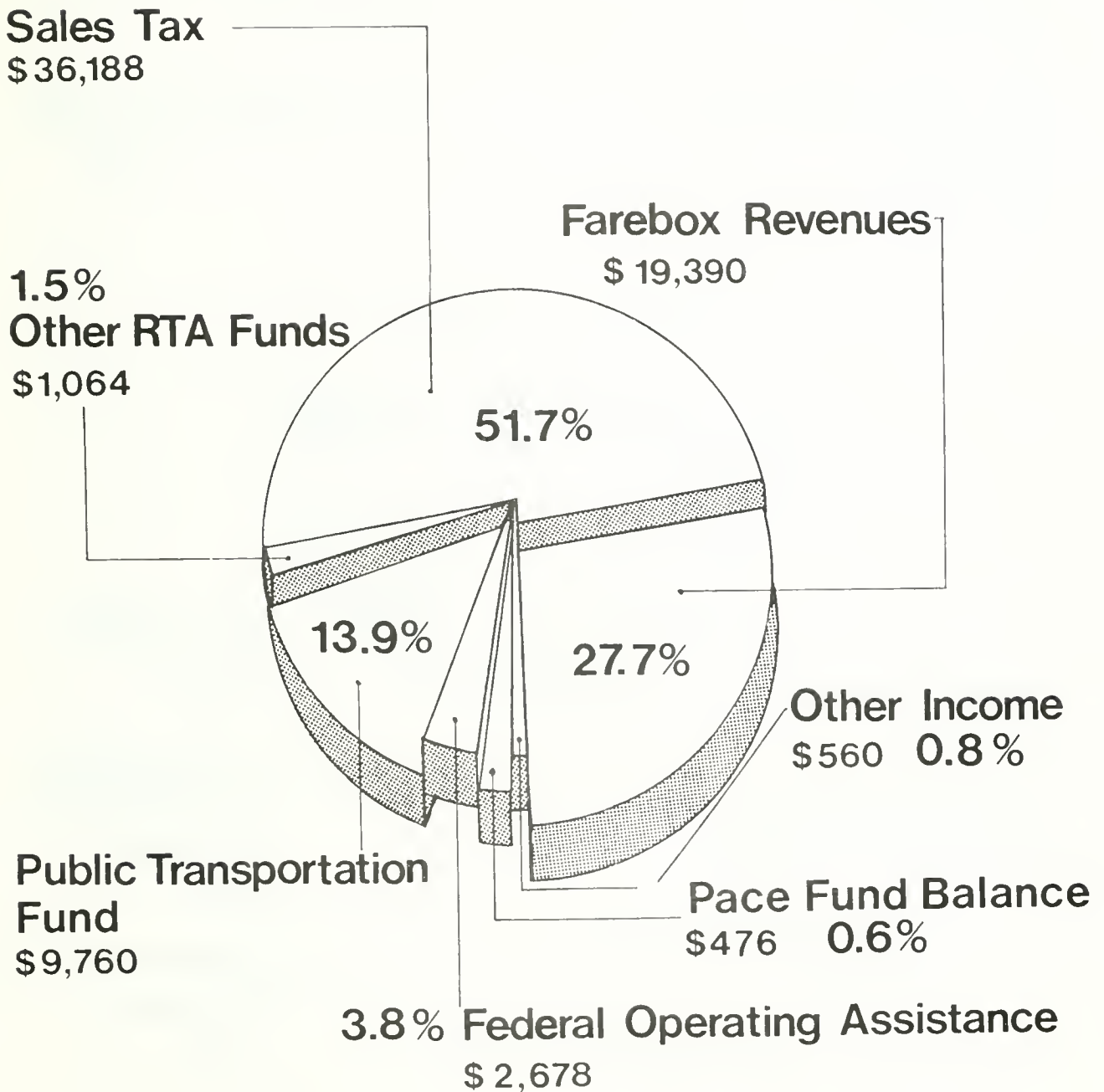
New Service Program

Pace has budgeted \$489,000 for completion of the implementation of the 1986 new service program. An additional \$500,000 is also budgeted for new services to be initiated in 1987. This document contains detailed descriptions of the proposed services.

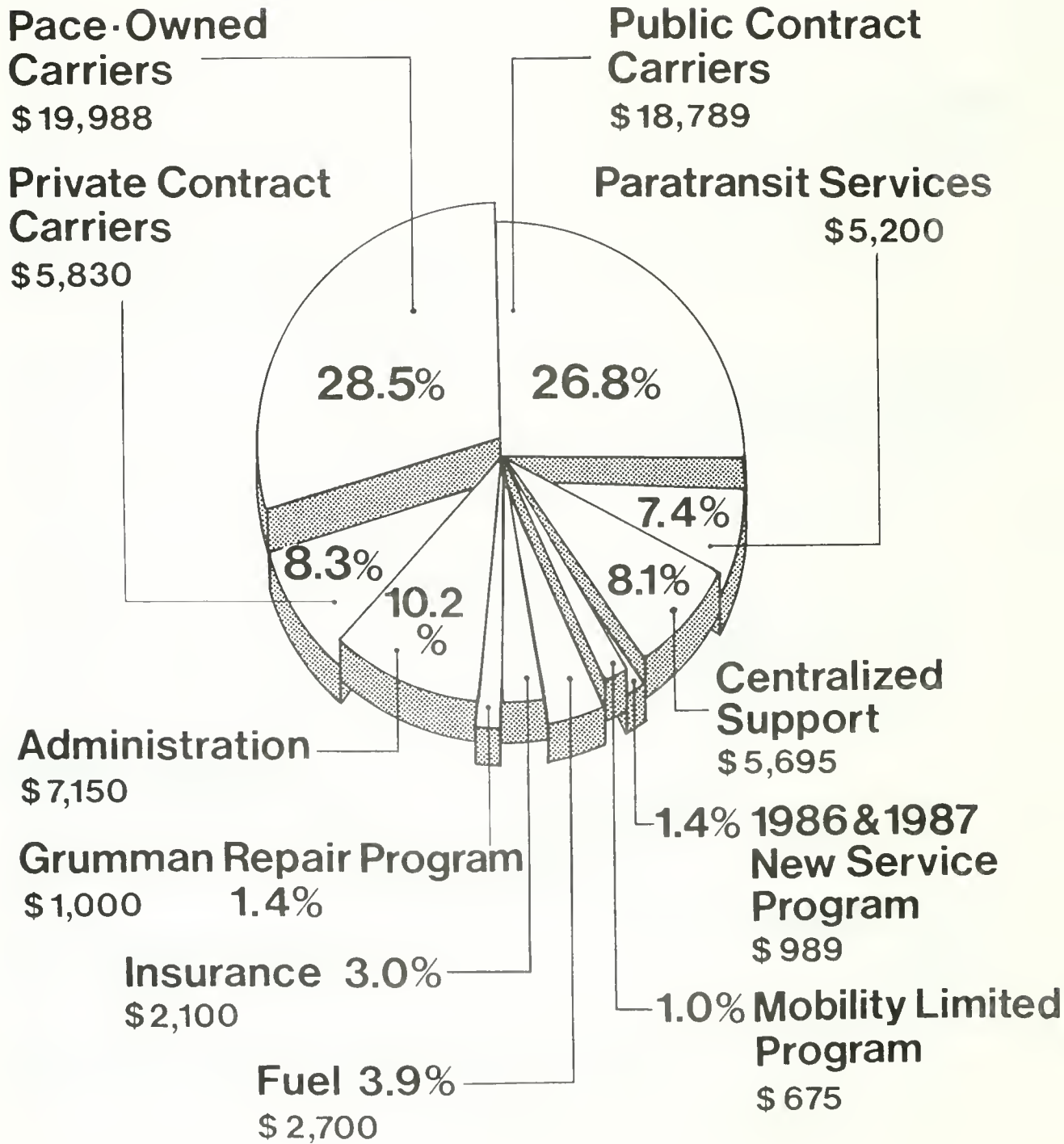
Mobility Limited Program

Pace expects to continue the special mobility limited program initiated in 1986. The program consists of paratransit demonstrations in Lake and McHenry Counties and the accessible fixed-route demonstration in Waukegan and northern Lake County which are scheduled to start in November 1986. The total program cost of \$1 million over two years is covered by a special state grant awarded in 1986.

**Pace
1987 Budget
Source of Funds**
(000's)



**Pace
1987 Budget
Use of Funds**
(000's)



PACE
1987 BUDGET SUMMARY
 (000'S)

<u>SOURCE OF FUNDS</u>	<u>AMOUNT</u>
Sales Tax	\$36,188
Public Transportation Fund	9,760
Federal Operating Assistance	2,678
Other RTA Funds	1,064
Farebox Revenues	19,390
Other Income	560
Pace Fund Balance	<u>476</u>
TOTAL FUNDING SOURCES	\$70,116
 <u>USE OF FUNDS</u>	
Pace-Owned Carriers	\$19,988
Public Contract Carriers	18,789
Private Contract Carriers	5,830
Paratransit Services	5,200
Centralized Support	5,695
Fuel	2,700
Insurance	2,100
Administration	7,150
Grumman Repair Program	1,000
1986 & 1987 New Service Program	989
Mobility Limited Program	<u>675</u>
TOTAL FUNDING USES	\$70,116
 Surplus (Deficit)	 \$ 0 =====

PACE
1987 BUDGET
RECOVERY RATE DETERMINATION

<u>SYSTEM-GENERATED REVENUES</u>	<u>AMOUNT</u>
Pace-Owned Carriers	\$ 8,364
Public Contract Carriers	6,802
Private Contract Carriers	1,444
Paratransit Services	2,632
Interest and Other	560
1986, 1987 New Services	148

TOTAL SYSTEM REVENUES	\$19,950

<u>OPERATING EXPENSES</u>	
Pace-Owned Carriers	\$19,988
Public Contract Carriers	18,789
Private Contract Carriers	5,830
Paratransit Services	5,200
Administration	7,150
Fuel	2,700
Insurance	2,100
Centralized Support	5,695
1986, 1987 New Services	989
Grumman Repair Program	1,000
Mobility Limited Program	675

TOTAL OPERATING EXPENSES	\$70,116

Less Recovery Rate Exempt Items:	
Grumman Repair Program	\$(1,000)
Mobility Limited Program *	(675)
Capital Expenditures	(400)

TOTAL NON-EXEMPT EXPENSE	\$68,041
	=====

RECOVERY RATE CALCULATION

Total System Generated Revenue	\$19,950		
-----	-----	=	29.32%
Total Non-Exempt Expense	\$68,041		

* The state granted exemption expires December 31, 1986; the 1987 budget assumes the RTA board will grant a continued exemption.

PACE
1987 BUDGET
PUBLIC CONTRACT AND PACE-OWNED CARRIERS

	<u>REVENUE</u>	<u>EXPENSE</u>	<u>DEFICIT</u>
<u>PACE-OWNED CARRIERS</u>			
Pace North Division	\$ 663,000	\$ 2,265,800	\$ 1,602,800
Pace South Division	2,961,000	6,219,200	3,258,200
Pace Southwest Division	940,000	2,328,000	1,388,000
Pace West Division	3,800,000	9,000,000	5,200,000
Additional Maintenance	0	175,000	175,000
	-----	-----	-----
Sub-Total	\$ 8,364,000	\$19,988,000	\$11,624,000
 <u>PUBLIC CONTRACT CARRIERS</u>			
Aurora	\$ 520,000	\$ 1,733,400	\$ 1,213,400
Elgin	722,000	2,000,400	1,278,400
Highland Park	160,000	427,300	267,300
Joliet (JMTD)	627,000	2,500,000	1,873,000
Melrose Park	22,000	80,400	58,400
Niles	232,000	460,200	228,200
NORTRAN	4,059,000	10,680,800	6,621,800
Wilmette	460,000	906,100	446,100
	-----	-----	-----
Sub-Total	\$ 6,802,000	\$18,788,600	\$11,986,600
	-----	-----	-----
Grand Total	\$15,166,000	\$38,776,600	\$23,610,600
	=====	=====	=====

PACE
1987 BUDGET
PRIVATE CONTRACT CARRIERS

<u>COMMUNITY OR SERVICE</u>	<u>CONTRACTOR</u>	<u>BUDGET AMOUNT</u>
Addison/Villa Park (Rts. 700, 702, 703)	Westway Coach	\$ 184,000
Arlington Hts/Rolling Meadows (Rts. 693, 698; 720, 721, 723)	Westway Coach	492,900
Bolingbrook/Woodridge/Lisle (Rts. 821 - 825; 829)	DuPage Motor Coach	497,200
Country Club Hills/Glenwood (Rts. 750 - 752)	Kickert Bus Lines	48,200
Darien/Willowbrook (Rts. 663 - 665)	DuPage Motor Coach	98,300
Elk Grove/Woodfield (Rt. 405)	DuPage Motor Coach	180,300
Elmhurst (Rts. 641 - 646)	Valley Transit	205,900
Glendale Heights (Rts. 653, 655, 657)	DuPage Motor Coach	160,400
Western Springs (Rt. 669)	Valley Transit	34,400
Lake Zurich/Barrington (Rts. 725, 726, 728)	Scholastic Transit	96,500
Lombard (Rts. 672, 674)	DuPage Motor Coach	71,500
Matteson (Rt. 753)	Kickert Bus Lines	24,000
Medinah/Roselle (Rt. 407)	DuPage Motor Coach	37,800
Naperville (Rts. 676 - 681; 683 - 689; 781 - 783; 786 - 787, 820)	Continental Air	826,200
Oak Forest (Rt. 740)	Illinois School Bus	30,500
Orland Park (Rt. 835)	O'Hare Express	551,100

PACE
1987 BUDGET
PRIVATE CONTRACT CARRIERS

<u>COMMUNITY OR SERVICE</u>	<u>CONTRACTOR</u>	<u>BUDGET AMOUNT</u>
Schaumburg (Rts. 602 - 605)	Kammes Bus Service	\$ 191,500
Westmont/Wheaton (Rts. 661, 662; 705 - 713; 715)	Kammes Bus Service	800,900
McHenry County (Rts. 805 - 808)	Worts Transit	400,000
Northbrook (Rts. 621, 622)	Scholastic Transit	84,700
Burr Ridge/Hinsdale (Rt. 666)	Valley Transit	32,300
Randhurst/Woodfield (Rt. 695)	Kammes Bus Service	143,200
Woodfield/Roselle (Rt. 697)	Kammes Bus Service	65,000
Mount Prospect (Rt. 694)	Westway Coach	35,200
Lisle (Rts. 826 - 828)	DuPage Motor Coach	143,400
Glen Ellyn (Rts. 652, 654, 656)	DuPage Motor Coach	168,100
LaGrange/Countryside (Rt. 668)	Valley Transit	56,800
Northwest Limited (Rt. 606)	C. W. Transportation	169,800
		----- \$ 5,830,100 =====

PACE
1987 PARATRANSIT BUDGET
BY FUNDING SOURCE FOR PARATRANSIT GRANT RECIPIENTS

COMMUNITY	OPERATING REVENUE	LOCAL SHARE	TOTAL EXPENSE	PACE SUBSIDY
Addison Township	\$ 17,500	\$ 38,850	\$ 95,725	\$ 39,375
Aurora Township	17,325	72,869	161,069	70,875
Batavia	5,363	7,462	34,763	21,938
Bellwood (Proviso Twp)	13,200	39,793	106,993	54,000
Bensenville	30,875	56,985	194,735	106,875
Berwyn/Cicero	11,550	45,531	104,331	47,250
Bloom Township	19,366	25,212	120,215	75,637
Bloomington Township	11,375	30,573	81,323	39,375
Bolingbrook	11,275	9,717	48,914	27,922
Bremen Township	7,013	6,640	33,572	19,919
Calumet Township	10,450	36,203	89,403	42,750
Crestwood	6,750	8,607	40,670	25,313
Crystal Lake	53,250	74,050	287,050	159,750
Deerfield Township	14,850	32,464	108,064	60,750
Deerfield (Village)	1,320	1,650	7,920	4,950
Downers Grove Township	4,950	74,345	99,545	20,250
Dundee Township	3,700	8,819	26,019	13,500
Ela Township	6,329	19,340	51,562	25,893
Elgin (Plus, Inc.)	17,325	37,189	125,389	70,875
Elk Grove Township (PRC)	29,688	138,610	263,298	95,000
Evanston/Skokie	2,888	44,987	68,875	21,000
Forest Park	4,813	10,456	34,957	19,688
Frankfort Township	6,240	20,947	48,787	21,600
Franklin Park	5,038	14,138	36,614	17,438
Harvard	21,154	19,980	101,073	59,940
Joliet (JMTD - GJEHT)	75,000	101,250	345,000	168,750
Lemont Township	3,575	12,018	27,968	12,375
Libertyville	7,700	7,283	36,832	21,849
Lyons Township	17,875	57,017	148,017	73,125
Marengo	10,694	10,471	52,577	31,412
Mc Henry Township	13,500	29,996	83,996	40,500
Milton Township	4,400	27,347	49,747	18,000
Mount Prospect	7,563	8,831	42,886	26,493
Naperville Township	5,916	12,539	42,656	24,201
New Lenox Township	3,250	8,250	22,750	11,250
Northeast Lake County	13,475	44,097	112,697	55,125
Northwest Lake County	18,323	65,974	143,840	59,543
Norridge	19,500	7,505	49,520	22,515
Oak Park Township	16,500	34,975	118,975	67,500
Orland Park	10,400	24,396	70,796	36,000
Palatine Township	11,068	58,756	115,103	45,279
Palos Hills	6,600	26,526	60,126	27,000
Park Forest	42,900	36,103	187,314	108,311
Peotone	7,150	34,712	71,112	29,250
Rich Township	6,875	37,879	72,879	28,125

PACE
1987 PARATRANSIT BUDGET
BY FUNDING SOURCE FOR PARATRANSIT GRANT RECIPIENTS

COMMUNITY	OPERATING REVENUE	LOCAL SHARE	TOTAL EXPENSE	PACE SUBSIDY
River Grove	\$ 9,750	\$ 4,598	\$ 28,142	\$ 13,794
Romeoville	3,300	25,545	42,345	13,500
Schaumburg	45,825	92,375	296,825	158,625
Stickney Township	10,175	12,271	59,258	36,812
St. Charles/Geneva	7,150	16,005	52,405	29,250
Thornton Township	20,900	48,337	154,737	85,500
Tinley Park	3,575	6,108	24,308	14,625
Vernon Township	6,500	22,014	51,014	22,500
Wayne Township	1,235	29,627	35,137	4,275
Woodstock	45,000	27,839	156,357	83,518
Worth Township	9,075	27,624	73,824	37,125
	-----	-----	-----	-----
Totals	\$798,336	\$1,833,684	\$5,200,009	\$2,567,990
	=====	=====	=====	=====

PACE
1987 CENTRALIZED SUPPORT BUDGET

The following schedule outlines Pace's centralized support budget. The centralized support budget provides for the central purchase of commonly used goods and services at a substantial savings to Pace carriers. In addition, Pace has consolidated common operating functions, (i.e. operations planning, service monitoring, etc.) to reduce duplication of effort and improve productivity. The 1987 proposed budget provides for 58 positions in the Bus Operations Department, representing Pace's centralized support for operations.

	<u>AMOUNT</u>
<u>LABOR</u>	
Salaries and Wages	\$ 1,561,000
Fringe Benefits	409,000

TOTAL LABOR	\$ 1,970,000
 <u>CENTRALIZED SUPPORT</u>	
Marketing	905,000
Central Purchasing	536,000
Tire Leases	440,000
Vehicle Repairs	300,000
Revenue Collection	300,000
Technical Services	300,000
Other Support	279,000
Component Rebuilding	240,000
Ticket Printing	225,000
Building Repairs	100,000
Communications System	100,000

TOTAL CENTRALIZED SUPPORT	\$ 3,725,000
 <u>INSURANCE</u>	
Premiums	1,100,000
Claims	1,000,000

TOTAL INSURANCE	\$ 2,100,000
 FUEL	2,700,000

GRAND TOTAL	\$10,495,000
	=====

PACE
1987 ADMINISTRATIVE BUDGET

The following table outlines Pace's administrative budget. The administrative budget provides for 111 positions at an estimated cost of \$7.1 million. Pace administration is responsible for managing all of the agency's central operations, including financial and capital assistance programs, central purchasing and marketing.

	<u>AMOUNT</u>
<u>LABOR</u>	
Salaries and Wages	\$3,409,000
Fringe Benefits	836,000

TOTAL LABOR	\$4,245,000
 <u>SUPPORT</u>	
Business/Travel Expense	155,000
Copy/Reproduction Supplies	150,000
Utilities	145,000
Other Support	135,000
Telephone	130,000
Office Supplies	116,000
Copy/Reproduction Rental	100,000
Training and Development	100,000
Printing/Other Services	100,000
Furniture and Equipment	80,000

TOTAL SUPPORT	\$1,211,000
 <u>SERVICES</u>	
Data Services	852,000
Audit	161,000
Building Maintenance	150,000
Temporary Help	130,000
Consulting	100,000
Other/Legal Services	83,000

TOTAL SERVICES	\$1,476,000
 SERVICE BOARD	218,000

GRAND TOTAL	\$7,150,000
	=====

PACE
1987 STAFFING SUMMARY

AREA	POSITIONS	1987 EXPENSE
Office of the Executive Director	6	\$ 206,309
Internal Audit	5	146,542
General Attorney	4	115,248
Personnel	5	126,632
Safety	4	121,004
	---	-----
TOTAL	24	\$ 715,735
Bus Operations Department	13	293,878
Bus Operations Division	12	274,858
Maintenance Division	18	522,886
Operations Planning Division	8	230,822
Research Division	7	177,094
	---	-----
DEPARTMENT TOTAL	58	\$1,499,538
Finance and Administration Department	2	74,951
MIS Division	11	340,850
Administration Division	20	558,541
Finance/Accounting Division	18	473,055
	---	-----
DEPARTMENT TOTAL	51	\$1,447,397
Planning and Development Department	2	68,649
Capital Planning Division	6	206,801
Strategic Planning Division	4	111,160
Budget and Management Analysis Division	5	166,371
Paratransit Division	8	219,597
	---	-----
DEPARTMENT TOTAL	25	\$ 772,578
External Relations Department	7	171,317
Communications & Community Relations Division	4	116,154
	---	-----
DEPARTMENT TOTAL	11	\$ 287,471
GRAND TOTAL	169	\$4,722,719
	===	=====

BALANCING COUNTY SERVICE LEVELS

In November of 1983, the legislation that reformed the Regional Transportation Authority and restored the state operating subsidy provided for the first time a formula for the distribution of the RTA sales tax -- that tax, which is four times higher in Cook County than in the collar counties. The formula mandates 15 percent off the top of the roughly \$382 million collected annually go directly to RTA for use at its discretion. The remaining 85 percent passes immediately through RTA accounts to the three service boards by the following legislatively-mandated allocation.

ALLOCATION OF SALES TAX RECEIPTS

	RTA	CTA	METRA	PACE
Chicago	15%	85%	---	---
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(---	70%	30% of remaining 85%)

Each service board also receives public dollars from the state subsidy and from the federal government (the Urban Mass Transportation Administration) based on the RTA's budgeting criteria.

Since Pace was formed in 1984, the cost of providing bus and paratransit service in each of the six counties has not been related to the amount of public dollars generated by each of the counties, a situation Pace inherited. For example, in 1985, the service provided in Will County costs approximately \$1 million more than the amount received from that county. In actuality, tax dollars plus state and federal subsidies generated by suburban Cook County -- and to a lesser extent, DuPage County -- help subsidize Pace's operations in Kane, Lake, McHenry and Will counties.

Since November 1983, Cook County has by law paid a constant percentage of its sales tax to the CTA for rapid transit and bus service outside of Chicago. By tradition only, suburban Cook and DuPage have been cross-subsidizing the four collar counties of Kane, Lake, McHenry and Will (see the following chart). And since the cost of service in those four counties is growing faster than the sales tax, while federal operating dollars decline, the discrepancy grows annually.

Now the Pace Board of Directors may choose to establish a new policy balancing county funding and service levels. In other words, the cost of providing bus and paratransit service within a county could not exceed the amount of money generated by sales tax dollars and the apportionment of federal and state operating subsidies and RTA discretionary funds from that county. The Pace board must now exchange views with the taxpayers and riders to see how and in what time frame the imbalances might be corrected.

There are several possible methods to achieve this balance: 1) Amend the RTA legislation; 2) Adjust service levels; 3) Negotiate with local governments the purchase of additional service. A brief discussion of each alternative follows.

1) Amend RTA legislation: We do NOT recommend such a drastic step. The legislation was not perfect, but was a strong eminently-workable compromise negotiated over two years and during an RTA funding crisis at that. The system is running well, service is improved, ridership is up, bills are being paid, the farebox recovery ratio requirement is being met and the public is much better informed about financial reality.

2) Adjust service levels: There is a direct correlation between a transit system's use and the densities of the population and jobs. So much of the collar counties are not really suburban, but rather rural, thereby making mass transit very inefficient. Has the time come for Kane, Lake, McHenry and Will Counties to start to have their service brought within the dollar confines of what they pay for? McHenry has been working with Pace to address the "lumbering empty big bus" problem while improving their paratransit service and reducing overall funding. In mid-October, implementation of a new service design begins. Weekend service is relinquished, midday service reduced, smaller lift-equipped buses will be used and paratransit improved as new ways are found to remove its riders from the confines of "boxes" established by political boundaries. Listed as service options for termination in this document are the weekend services in Kane, Lake, and Will Counties, such as was done in McHenry County. If such cuts are made, the counties overfunding would be reduced next year by some 20 to 25 percent, the start of a four or five year phase-in of reality plus an improved farebox recovery ratio.

3) Negotiate with local government the purchase of additional service: Collar counties that wish to have additional service beyond what their tax and other revenues would pay for could purchase such services from Pace. This decision could be made by any local unit of government or any combination of governments. Pace would work with them to develop a service design to meet the needs as the local governments see it.

A table on the following page shows the sources of funds and allocation of costs for Pace services in each county based on 1985 operating results. Also included are tables showing how much fixed-route service in Kane, Lake and Will Counties would need to be cut in order to reduce spending in each of those counties by 20 percent in order to narrow the gap between the amount of funds received and cost of service provided to those three counties. McHenry County service will be reduced effective October 13, 1986.

1985 REGIONAL SALES TAX ALLOCATION

(000's)

AREA/TAX RATE	TOTAL RECEIPTS	RTA	CTA	METRA	PACE
CHICAGO - 1%	\$ 123,955 % 100.00%	\$ 18,593 15.00%	\$105,362 85.00%	\$ 0 0.00%	\$ 0 0.00%
SUBURBAN COOK - 1%	\$ 182,772 % 100.00%	27,416 15.00%	46,607 25.50%	85,446 46.75%	23,303 12.75%
COLLAR COUNTIES -.25%	\$ 35,713 % 100.00%	5,357 15.00%	0 0.00%	21,249 59.50%	9,107 25.50%
TOTAL	\$ 342,440 =====	\$ 51,366 =====	\$151,969 =====	\$106,695 =====	\$ 32,410 =====
	% 100.00%	15.00%	44.38%	31.16%	9.46%

SUMMARY

Pace 1985 OPERATING RESULTS

ALLOCATED BY COUNTY

REVENUES	TOTAL	SUBURBAN COOK	DUPAGE	KANE	LAKE	McHENRY	WILL
Pace Share - Sales Tax	\$32,410,000	\$23,303,210	\$ 4,333,269	\$ 1,176,713	\$2,023,722	\$ 532,317	\$ 1,040,769
Public Trans. Fund (State Sub)	8,861,000	6,371,174	1,184,730	321,717	553,292	145,537	284,550
Federal Operating Asst. (UMTA)	2,688,000	1,942,839	197,255	247,950	163,471	30,265	106,221
RTA Discretionary Funds	4,293,000	3,086,723	573,981	155,866	268,060	70,510	137,859
Other Revenue	844,000	606,847	112,844	30,643	52,700	13,862	27,103
Total Revenues	\$49,096,000	\$35,310,793	\$ 6,402,079	\$ 1,932,889	\$3,061,245	\$ 792,491	\$ 1,596,502
EXPENSES							
Public Contract Carriers	\$24,056,000	\$16,576,506	\$ 1,528,751	\$ 2,293,987	\$2,221,294	\$ 0	\$ 1,435,463
Private Contract Carriers	3,123,000	1,214,396	1,259,219	38,308	144,463	384,577	82,038
Paratransit	1,939,000	857,368	221,909	145,863	193,593	316,856	203,412
Centralized Operations	8,056,000	5,047,012	932,753	660,246	696,228	247,519	472,243
Administration	7,198,000	4,509,482	833,410	589,927	622,077	221,157	421,947
Total Expenses	\$44,372,000	\$28,204,764	\$ 4,776,042	\$ 3,728,331	\$3,877,655	\$1,170,109	\$ 2,615,103
SURPLUS (DEFICIT)	\$ 4,724,000 =====	\$ 7,106,029 =====	\$ 1,626,037 =====	\$ (1,795,442) =====	\$ (816,410) =====	\$ (377,618) =====	\$ (1,018,601) =====

POTENTIAL KANE COUNTY SERVICE CUTBACKS

Here is a list of service cutbacks that would be required in order to narrow by 20 percent the gap between the amount of funds received and cost of service provided in Kane County.

<u>Route</u>	<u>Service Day</u>	1986 <u>Projected Ridership</u>	<u>Net Expense</u>	<u>Accumulated Savings</u>
533	Sat	5,800	\$20,500	\$ 20,500
532	Sat	6,300	18,300	35,800
549	Sat	3,700	9,900	48,700
801	Sat	12,800	31,356	80,056
529	Sat	9,500	14,612	94,668
521	Sat	9,700	14,560	109,228
528	Sat	10,800	14,248	123,476
548	Sat	9,000	12,688	136,164
553	Sat	9,400	12,740	148,904
531	Sat	4,500	10,816	159,720
522	Sat	9,900	14,508	174,228
524	Sat	9,700	14,560	188,788
803	Sat	14,700	12,168	200,956
543	Sat	14,800	10,868	211,824
552	Sat	24,300	21,008	232,832
546	Sat	13,300	11,336	244,168
527	Sat	12,700	13,676	257,844
541	Sat	16,400	10,348	268,192
525	Sat	15,400	12,844	281,036
542	Sat	17,000	10,140	291,176
544	Sat	18,400	9,724	300,900
547	Sat	18,600	9,672	310,572
545	Sat	18,900	9,568	320,140
526	Sat	21,200	12,688	332,828
530	Sat	49,900	19,500	352,328
523	Sat	21,800	10,920	363,248
Total		<u>378,500</u>	<u>\$363,248</u>	

POTENTIAL LAKE COUNTY SERVICE CUTBACKS

Here is a list of service cutbacks that would be required in order to narrow by 20 percent the gap between the amount of funds received and cost of service provided in Lake County.

<u>Route</u>	<u>Service Day</u>	1986 <u>Projected Ridership</u>	<u>Net Expense</u>	<u>Accumulated Savings</u>
474	Sat	1,300	\$ 5,720	\$ 5,720
471	Sat	6,200	15,964	21,684
473	Sat	6,600	13,156	34,840
563	Sat	6,100	14,456	49,296
472	Sat	6,500	9,204	58,500
572	Sat	12,500	25,116	83,616
564	Sat	9,000	12,064	95,680
561/2	Sat	8,600	13,208	108,888
571	Sat	9,300	12,376	121,264
567	Su/Hol	41,200	34,452	155,716
568	Sat	17,600	8,268	163,984
Total		<u>124,900</u>	<u>\$163,984</u>	

POTENTIAL WILL COUNTY SERVICE CUTBACKS

Here is a list of service cutbacks that would be required in order to narrow by 20 percent the gap between the amount of funds received and cost of service provided in Will County.

<u>Route</u>	<u>Service Day</u>	1986 <u>Projected Ridership</u>	<u>Net Expense</u>	<u>Accumulated Savings</u>
503	Sat	4,800	\$ 14,508	\$ 14,508
834	Sat	11,600	32,708	47,216
505	Sat	12,000	21,996	69,212
506	Sat	8,000	12,272	81,484
509	Sat	7,700	11,648	93,132
831	Sat	16,300	34,372	127,504
367	Sat	5,800	10,868	138,372
831	Su/Hol	24,300	52,200	190,572
504	Sat	8,200	9,360	199,932
Total		<u>98,700</u>	<u>\$199,932</u>	

1987 BUDGET
SERVICE CHANGES SUMMARY

Budget constraints will limit the amount of service improvements planned for 1987. However, Pace proposes a modest program that includes new routes and improvements to existing routes. At the same time, Pace proposes to eliminate the worst routes in the suburban bus system and cut back service on other poorly-performing routes.

Improvements and curtailments are listed on the following pages in order of priority. Pace first will continue to implement those improvements slated for 1986 that are still pending.

Top priority for the 1987 program will be given to improvements that do not change the basic configuration of a route, but are needed in order to provide more reliable service.

Only when these improvements are in place can Pace begin to look at changes that increase the level of service, such as starting new routes or reducing waiting time between buses. In addition, it is important to note that the budget allows only a limited amount of these changes to be implemented without first curtailing poorly-performing service elsewhere. If the proposed service cutbacks listed in this document are not implemented, changes that increase the level of service must be delayed.

Service cutbacks also are listed in order of priority. Elimination of the worst routes in the system ranks as the top priority, followed by reductions in service on other poorly-performing routes. This section also includes a list of other routes that could be eliminated if financial conditions dictate.

The chart below summarizes the cost of the proposed changes. Details are on following pages.

COST SUMMARY

1986 Service improvements	\$ 489,000
1987 Service improvements	851,000
1987 Service curtailments	<u>(351,000)</u>
Estimated 1987 total cost	\$ 989,000

SERVICE IMPROVEMENTS

The service improvements are the result of an analysis of many service requests submitted by local governmental agencies, the public, Pace staff and carriers. Each request was analyzed based on the Pace criteria, which were established by the Pace Board of Directors. These guidelines call for evaluating new service proposals based on potential ridership and the resulting farebox recovery ratios. Population and employment density are the key elements in establishing new fixed-route bus service.

1986 Fixed-Route Service Improvements

At the time of preparation of the proposed 1987 operating program, all of the planned fixed-route service in the 1986 budget had not been implemented. Following is a chart showing the status of service planned for 1986. Approximately \$489,000 in new service remains to be implemented; most will be in place before the end of 1986 and the remainder will be carried over to 1987.

1986 Fixed-Route Services Implemented

<u>Route</u>	<u>Change</u>	<u>Projected Ridership</u>
421	Extend to Glenview	46,900
713	Increase Warrenville Road rush-hour service	2,500
322	Increase Saturday service	41,600
606	New rush-hour service from Cumberland rapid transit to Schaumburg	140,300
357	Improve headway all day	57,700
223	Add rush-hour bus	30,600
213/14	Restructuring to provide service to Northbrook Court	138,000

1986 Fixed-Route Services to be Implemented

<u>Route</u>	<u>Change</u>	<u>Projected Ridership</u>
Harvey to Orland Square	Weekday service	259,900
379	Reduce headway	62,000
381	10 PM ser. to Moraine Val.	30,600
228	Saturday service	15,600
230	Saturday service	18,400
305	Sunday service	25,300
311	Improve rush headway	38,000
Belmont to Franklin Pk.	Rush-hour service from the Belmont CTA to the Franklin Park industrial area	30,600

Estimated total 1987 cost

\$489,000

1987 Fixed-Route Service Improvements

Several service improvements are planned to provide more reliable and efficient service. These improvements are of high priority in 1987. In most instances these changes require the addition of one or more vehicles to improve running time or reduce overcrowding conditions. Generally, these adjustments are not expected to produce significant ridership gains but will solve day-to-day operational problems.

<u>Route</u>	<u>Change</u>	<u>Projected Annual Cost</u>
208	Add running time weekday	\$ 79,700
213/14	Add bus for loading problems	59,500
215	Add running time	79,700
270	Sunday-Add running time	23,300
307	Sat.-Add running time	18,100
572	Sat.-Add running time	15,500
223	Add bus for loading problems.	74,500
		<u>\$350,300</u>
Estimated 1987 total cost		\$263,000

208 Evanston-Golf Mill

Schedule adherence has been poor due to traffic congestion. An additional bus will allow more realistic running time so that the service will be reliable.

213/4 Green Bay Road

Service was increased in August and ridership has also increased, creating large loadings. Additional capacity is needed.

215 Howard-Old Orchard

Due to traffic congestion, service is somewhat unreliable. An additional bus will allow more realistic running times.

270 Milwaukee

Large loadings and traffic congestion have caused schedule difficulties. An additional bus will ensure more reliable operation.

307 Harlem

Traffic congestion in commercial areas and large ridership is causing service to operate behind schedule. One bus will be added to provide more reliable running times.

572 Hawthorn

Running time is longer on Saturday than weekdays due to traffic congestion. This is causing service irregularities.

223 Elk Grove Village

Service was increased in August. Ridership has been increasing and additional capacity is likely to be required.

1987 Paratransit Service Improvements

In 1987 Pace will expand services in northwest Lake County, northeast Lake County and southeast McHenry County. These improvements will be coordinated with the consolidation of services in these areas in order to provide a more cost-effective operation.

<u>Service</u>	<u>Projected Annual Ridership</u>	<u>Projected Annual Cost</u>
Northwest Lake County	12,000	\$28,000
Northeast Lake County	10,000	28,000
Southeast McHenry County	12,000	32,000
Estimated 1987 total cost		\$88,000

Northwest Lake County

Services will be expanded to include Antioch Township. Existing projects in Avon, Grant and Lake Villa Townships will be modified and expanded to provide service between all four northwest Lake County townships.

Northeast Lake County

Services in Waukegan, Warren and North Shields Townships will be expanded to include Zion and will be modified to provide feeder service to the accessible fixed-route system.

Southeast McHenry County

Service in Crystal Lake will be expanded to additional communities near that city. New service will be provided for travel between various communities in Algonquin Township and portions of Nunda Township.

Additional 1987 Fixed-Route Service Improvements

Implementing most of the proposed new service listed below will depend on the timely removal of poorly-performing service. As a result, these projects have a lower priority than the previously-listed service changes.

<u>Route</u>	<u>Change</u>	<u>Projected Annual Ridership</u>	<u>Projected Annual Cost</u>
322	Add rush-hour bus	89,200	\$ 88,600
352	10-Min. rush-hr. service	87,200	122,500
353	10-Min. PM rush-hour service	42,100	61,300
353	Sat. service south of 138th	17,000	25,000
381	Sunday service	27,400	39,300
304	30-min. headway-Sat.	13,600	18,100
384	30-min. headway north of 111th	83,600	124,200
Roosevelt Road	Weekday service	81,900	232,600
University Park to Lincoln Mall	Weekday service	36,700	<u>101,000</u> \$812,600
Estimated 1987 total cost			\$500,000

322 22nd Street

Add rush-hour bus to improve the headway from 30 to 20 minutes on the route.

352 Halsted

Improve headway north of 171st Street from 20 to 10 minutes during rush-hour to accommodate heavy loads.

353 95th-Riverdale-Washington Square

Improve headway north of 138th Street from 15 to 10 minutes during PM rush-hour.

353 95th-Riverdale-Washington Square

Extend Saturday service south of 138th Street to Washington Square.

381 95th Street

Implement new Sunday service on 95th Street due to high weekday and Saturday demand.

304 Cicero-LaGrange

Improve headway from 60 to 30 minutes on Saturday.

384 Narragansett/Ridgeland Weekday

Improve headway from 60 to 30 minutes on weekdays.

Roosevelt Road

Implement new weekday service on Roosevelt Road from Wheaton to Oak Brook Shopping Center.

University Park to Lincoln Mall

Implement new weekday service connecting the University Park train station, residential areas, and Lincoln Mall.

Special Considerations

Several requests for new service have been received that do not meet the necessary projected farebox recovery ratio for inclusion in the new service program. These programs, which offer an opportunity to implement innovative service, are by their nature demonstration projects and should be exempt from farebox recovery mandates. Funding to implement these projects would have to come from the elimination of services on the supplemental service eliminations list or from special funding allocated by the RTA. The operational options include van pools and/or direct or semi-direct premium subscription service.

	<u>Projected Annual Ridership</u>	<u>Projected Annual Cost</u>
Moraine Valley Community College from Robbins	20,400	\$ 77,500
Evening service from Lisle train station	3,800	15,000
Riverdale to Calumet City Saturday service	2,600	12,300
Abbott Labs shuttles from Libertyville, Vernon Hills and Mundelein	17,900	49,000
Service from North Waukegan to Great Lakes	12,500	58,500
2 additional trips AM & PM on Route 835	22,900	<u>109,000</u>
		\$321,300

Moraine Valley Community College

Discussion with college administrators and local officials indicates a need for more direct service to Moraine Valley Community College from the Robbins, Crestwood, and Midlothian areas. This service would be subscription in nature. The mode of operation would be set by the location of subscribers' residences varying from semi-fixed to park-and-ride. The cost of operating selected trips is estimated at \$77,500 annually.

Lisle evening service

Lisle will be losing a number of parking spaces currently being used by rail commuters. The implementation of off-peak commuter bus service such as currently operated in Naperville may help reduce the crowding created by the loss of spaces. This service would be seasonal. Implementation should be based on improvement in the Naperville service. The estimated cost of operating this service is \$15,000.

Riverdale to Calumet City

Since the elimination of Route 354 in April, 1984 we have received repeated requests from senior citizens for limited service to River Oaks Shopping Center. "Shopping Specials" are requested periodically throughout the region and are not confined to seasonal needs. Therefore this service would operate on Saturdays only and test the market potential for expanded service in the region. The estimated annual cost for the service is \$12,300.

Abbott Park

Abbott Laboratories in North Chicago has requested subscription bus service from the communities of Vernon Hills, Libertyville, and Mundelein. Implementation of this rush hour only service would allow Pace to evaluate future market potential for suburb-to-suburb work trips. If this service is successful, this method could be used in other concentrated employer areas in the region. The estimated cost of this service is \$49,000 annually.

Great Lakes Naval Center

The Navy has requested rush hour service for the large number of enlisted personnel residing "off-base" as well as for civilian employees. In many instances the enlisted personnel are concentrated in large apartment complexes, conducive to express type service. The service proposed would be subscription in nature and be direct or semi-direct, initially from the northern Waukegan area. If the service is successful it could be expanded to other residential areas with large concentrations of Great Lakes Naval personnel. The estimated cost of this service is \$58,500 annually.

Route 835

Metra has proposed the addition of one morning and two evening trains on the Norfolk & Western line. If this proposal is approved by the Norfolk & Western, Pace would consider realigning current service to provide more comprehensive off-peak transit in the corridor. However, prior to implementing any service change that would have an adverse effect on the Pace farebox recovery ratio, Pace would need an agreement from Metra and/or RTA that would mitigate any revenue loss.

If the Norfolk & Western does not approve the additional rail service, Pace would consider adding two morning and afternoon bus trips to existing service. The contract for current service expires in July, 1987 and the new contract cost to provide service could change drastically. The estimated cost for the four additional trips is based on current contract costs and is approximately \$109,000 annually.

SERVICE CUTBACKS

Pace monitors and analyzes the performance of every route in the suburban bus system. Two primary standards, farebox recovery ratio (the percent of costs covered by fares) and productivity (the number of passengers per hour of service) are used to evaluate the routes.

If the routes are performing poorly, they may be restructured or eliminated. The following routes are proposed for elimination based on at least two consecutive quarters of below-standard farebox recovery ratios and/or productivity levels.

<u>Route (County)</u>	<u>Day of Operation</u>	<u>Approx. Farebox Recov. Ratio</u>	<u>1985 Annual Rider-ship</u>	<u>Annual Cost Savings</u>
668 Countryside - LaGrange (Cook)	Weekday	3%	2,260*	\$ 57,100
694 Mt. Prospect Feeder (Cook)	Weekday	4%	2,390*	33,800
573 Lake Villa - College of Lake County (Lake)	Weekday	5%	9,010*	94,800
705 South Central Wheaton Feeder (DuPage)	Weekday	6%	3,640*	25,000
560 USS Great America (Lake)	Sunday	10%	2,103	9,300
385 87th/111th (Cook)	Saturday	10%	7,863	38,700
549 McLean (Kane)	Saturday	10%	5,429	9,900
332 Elmhurst/York Road (DuPage)	Saturday	11%	6,722	23,500
330 Mannheim/ LaGrange (Cook)	Sunday	12%	10,114	35,800

<u>Route (County)</u>	<u>Day of Operation</u>	<u>Approx. Farebox Recov. Ratio</u>	<u>1985 Annual Rider-ship</u>	<u>Annual Cost Savings</u>
358 Torrence (Cook)	Saturday	15%	2,549	11,300
560 USS Great America (Lake)	Saturday	18%	2,901	8,800
				\$348,000
Estimated 1987 total savings				\$278,000
*Annualized estimates based on projected ridership				

668 Weekday - The route carries .9 passengers per hour and the farebox recovery ratio is 3 percent. The route ranks 80th out of 80 inner suburban routes. The route was restructured in July, 1986 after the six-month evaluation in an attempt to improve performance but productivity has not improved.

694 Weekday - The route carries 9.0 passengers per bus and the farebox recovery ratio is 4 percent. The route ranks 79th out of 79 feeder routes. The route had service restructuring in June, 1986 in an attempt to improve performance but productivity has not improved.

573 Weekday - The route carries 4.0 passengers per hour and the farebox recovery ratio is 5 percent. The route ranks 48th out of 48 satellite city routes. A minor schedule adjustment was made in January, 1986 and late morning service was eliminated in April, 1986 but the route is still below the minimum performance standards.

705 Weekday - The route carries 13.0 passengers per bus and the farebox recovery ratio is 6 percent. The route ranks 78th out of 79 feeder routes. The route had minor rerouting in July, 1986 but productivity has not improved.

560 Sunday - The route carries 10.4 passengers per hour and has a recovery ratio of 10 percent. The route ranks 3rd out of 3 Sunday satellite city routes. Ridership has been declining on the route. The Navy now operates its own bus service that duplicates this route.

385 Saturday - The route carries 7.2 passengers per hour and the farebox recovery ratio is 10 percent. The route ranks 52nd out of 52 Saturday inner suburban routes.

549 Saturday - The route carries 12.6 passengers per hour and the farebox recovery ratio is 10 percent. The route ranks 38th out of 41 Saturday satellite city routes. Saturday service was reduced in February, 1986 but productivity did not improve.

332 Saturday - The route carries 13.9 passengers per hour and the farebox recovery ratio is 11 percent. The route ranks 49th out of 52 Saturday inner suburban routes. Saturday service was reduced in September, 1986.

330 Sunday - The route carries 13.9 passengers per hour and the farebox recovery ratio is 12 percent. The route ranks 25th out of 29 Sunday inner suburban routes. The service was revised in September, 1986.

358 Saturday - This route carries 29.6 passengers per hour and the farebox recovery ratio is 15 percent. The route ranks 31st out of 52 Saturday inner suburban routes.

560 Saturday - The route carries 19.6 passengers per hour and the farebox recovery ratio is 18 percent. The route ranks 23rd out of 41 Saturday satellite city routes. Route 560 is a seasonal route operating from April through October. The Navy now operates its own service that duplicates this route.

Service Reductions

The following routes are proposed for reductions in service.

<u>Route (County)</u>	<u>Day of Operation</u>	<u>Approx. Est.</u>		<u>Annual Cost Savings</u>
		<u>Farebox Recov. Ratio</u>	<u>Annual Ridership Decrease</u>	
566 Vernon Hills (Lake)	Weekday	9%	3,570	\$28,400
355 Lansing (Cook)	Saturday	23%	3,000	9,400
222 Rosemont Industrial-Horizon (Cook)	Weekday	43%	0	14,900
210 Glenview-Loop (Cook)	Sunday	29%	1,750	15,000
697 Roselle-Woodfield (Cook)	Weekday	31%	6,125	<u>30,000</u>
				\$97,700
Estimated 1987 total savings				\$73,000

566 Weekday - Eliminate rush-hour service. The route carries 8.6 passengers per hour and the farebox recovery ratio is 9 percent. The route ranks 47th out of 48 satellite routes.

355 Saturday - This service is interlined with Route 358 which is proposed for discontinuance. With the removal of Route 358, service would be reduced on Route 355. The route carries 26.4 passengers per hour and the farebox recovery ratio is 23 percent, but the portion to be eliminated carries a small portion of the total riders. The route ranks 34th out of 52 inner suburban routes.

222 Weekday - Eliminate the segment of service south of the rapid transit station where it duplicates Routes 80W and 325. Additional ridership counts are being completed to ensure the change would not inconvenience many riders.

210 Sunday - Eliminate service south of the Western Avenue rapid transit station. The route carries 11.6 passengers per hour and the farebox recovery ratio is 29 percent. The route ranks 29th out of 29 Sunday inner suburban routes.

697 Weekday - Eliminate midday service and operate an extended rush-hour service. The route carries 10.3 passengers per hour and the farebox recovery ratio is 31 percent. The route ranks 75th out of 80 inner suburban routes. This route competes with the Schaumburg Dial-a-Ride for midday ridership.

Supplementary Service Reductions

In addition to the routes previously designated for service elimination or restructuring, other routes also are performing below the system average for productivity. The following is a list of routes that have appeared on the review list for at least the last two quarters. These routes have, for various reasons, farebox recovery ratios that generally meet the adopted performance standards. These routes also may be considered by the Pace Board for elimination if financial conditions dictate.

Route 211 Wheeling-Loop Weekday

Service was cut back to the Western Avenue CTA rapid transit Station in September 1986. The productivity of 12.0 passengers per hour is below the minimum performance standard. Route 211 ranks 73rd out of 80 inner suburban routes. The annual cost for this service is \$147,900.

Route 332 Elmhurst/York Road Weekday

Service was adjusted so convenient connections could be made to Route 322 in September, 1985. A minor schedule adjustment was made in February, 1986. Small service reductions were made in September, 1986. Both the recovery ratio of 13 percent and productivity of 15.3 passengers per hour are below the minimum performance standards. Route 332 ranks 72nd out of 80 inner suburban routes. The annual cost of this service is \$293,500.

Route 405 Randhurst-Elk Grove-Woodfield Weekday

The productivity of 8.4 passengers per hour is below the minimum performance standard. Route 405 ranks 78th out of 80 inner suburban routes. The annual cost of this service is \$179,100.

Route 441 Melrose Park Weekday

The productivity of 10.4 passengers per hour is below the minimum performance standard. Route 441 ranks 76th out of 80 inner suburban routes. The annual cost of this service is \$47,400. This is a free route with Melrose Park providing local funds in lieu of fares.

Route 566 Vernon Hills Weekday

Service was extended to the Mundelein K-Mart and Venture in January, 1986. Both the productivity of 8.6 passengers per hour and the farebox recovery ratio of 9 percent are below the minimum performance standards. Route 566 ranks 47th out of 48 satellite city routes. The annual cost for this service is \$124,200.

Route 693 Arlington Heights-Palatine Weekday

Minor schedule adjustments on Route 693 were made in February, 1986. The schedule was rewritten in July, 1986 to eliminate some unproductive trips. The productivity for this route of 7.7 passengers per hour is below the minimum performance standard. Route 693 ranks 79th out of 80 inner suburban routes. The annual cost of this service is \$242,100.

Route 695 Randhurst-Woodfield Weekday

Service was restructured to operate with one less bus in March, 1986. The productivity of 9.0 passengers per hour is improving but is still below the minimum performance standard. The route ranks 77th out of 80 inner suburban routes. The annual cost for this service is \$170,100.

Route 697 Roselle-Woodfield Weekday

Minor schedule adjustments were made on Route 697 in January and May, 1986. The productivity of 10.8 passengers per hour is below the minimum performance standard. Route 697 ranks 75th out of 80 inner suburban routes. The annual cost for this service is \$73,000.

Route 832 Joliet-Cicero via Stevenson Weekday

The productivity of 14.3 passengers per hour is below the minimum performance standard. Route 832 ranks 45th out of 48 satellite city routes. The annual cost for this service is \$118,100.

Route 210 Glenview-Loop Saturday

The productivity of 13.9 passengers per hour is below the minimum performance standard. Route 210 ranks 49th out of 52 inner suburban Saturday routes. The annual cost for this service is \$44,600.

Route 441 Melrose Park Saturday

The productivity of 10.3 passengers per hour is below the minimum performance standard. Route 441 ranks 51st out of 52 inner suburban Saturday routes. The annual cost for this service is \$8,600.

Route 532 Randall Road Saturday

Service was reduced slightly on this route in May, 1986. Both the productivity of 9.8 passengers per hour and the recovery ratio of 10 percent fall below the minimum performance standards. Route 532 ranks 41st out of 41 Saturday satellite city routes. The annual cost for this service is \$18,300.

Route 533 Molitor Road Saturday

Service was reduced slightly on this route in May, 1986. Both the productivity of 12.0 passengers per hour and the recovery ratio of 10 percent fall below the minimum performance standards. Route 533 ranks 40th out of 41 Saturday satellite city routes. The annual cost for this service is \$20,500.

Route 210 Glenview-Loop Sunday

The productivity of 11.6 passengers per hour falls below the minimum performance standard. Route 210 ranks 29th out of 29 Sunday inner suburban routes. The annual cost for this service is \$39,700.

Route 364 159th Street Sunday

The productivity of 12.6 passengers per hour is below the minimum performance standard. Route 364 ranks 27th out of 29 inner suburban Sunday routes. The annual cost for this service is \$55,300.

MOBILITY LIMITED GRANT PROGRAM

In the spring of 1986, Pace received a \$1 million state grant for special projects to benefit people with disabilities. These funds are being used for the following projects:

Accessible Fixed-Route Service

Seventeen wheelchair lift-equipped Carpenter buses have been refurbished. Ten of the Carpenters are being phased into service in McHenry County. Seven are being phased into service in the Pace North Division service area together with 20 new lift-equipped Gillig buses purchased from other grant sources. All fixed-route services in both McHenry County and the North Division area will be fully accessible before the end of 1986. Funds from the special state grant are also being used for consumer education activities and additional expenses associated with the operation of accessible fixed route service. In 1986, an estimated \$200,000 in state grant funds will be expended for these activities.

Paratransit Pilot Projects

Pace plans to implement six paratransit pilot projects that will be designed to test methods of eliminating restrictive paratransit service area boundaries, improving the efficiency of paratransit operations, and coordinating funding available from a variety of sources. An estimated \$75,000 of the special state grant will be expended in 1986 for three projects scheduled to be in operation by October 1986. These projects will serve southeast McHenry County, northwest Lake County, and northeast Lake County. The three additional paratransit projects proposed to start in 1987 will cover DuPage County, eight townships in southern Cook County, and seven townships in northern Cook County.

Driver Training

Pace has developed a special paratransit driver training manual and is now developing an instructor training program. An estimated \$50,000 will be expended for these activities in 1986. In 1987, funds from the special state grant will be used to complete training of all drivers (approximately 200) in all Pace-funded paratransit projects.

Estimated 1986 Total	\$ 325,000
Estimated 1987 Total	\$ <u>675,000</u>
Total Grant Funding Available	\$1,000,000 =====

1987 CAPITAL BUDGET

Pace expects to receive \$18.7 million in federal, state and RTA funds to finance its 1987 capital improvement program. The largest portion of the capital budget, \$12.75 million, will be used to buy new buses. The remainder of the capital budget will be used to pay for garage improvements, the purchase of maintenance equipment components that are used in Pace's preventive maintenance program and new bus stop signs. Highlights of the proposed 1987 capital budget are:

Purchase of New Buses

Pace is beginning the replacement of its entire fleet of fixed-route buses. This process will be accelerated in 1987 when Pace plans to spend \$12.75 million to buy 85 new buses. Of these 85 buses, 30 will replace GMC buses that have reached the end of their useful service life of 12 years.

Pace also intends to retire early 55 of its fleet of 203 Grumman Flexibles. The Grumman buses, purchased by the RTA in 1979, have proven to be unreliable and extremely costly to maintain. Without major structural repairs -- estimated to cost \$40,000 per vehicle or nearly \$8 million for the entire Grumman fleet -- these buses will not last another five years. Pace realizes it would not be cost-effective to spend \$8 million on buses that -- even with the repairs -- would not be mechanically reliable. If funds become available, Pace will retire early as many Grumman buses as possible.

Bus Components

The budget calls for spending \$1.5 million for purchasing vehicle components such as bus engines and transmissions that will be used in Pace's preventive maintenance program. This program of replacing major bus parts results in improved service reliability. This system also allows buses to be removed from service for planned maintenance, reducing failures.

Garage Improvements

The budget allocates \$2.5 million for renovation at Pace's recently-purchased Evanston garage, if this funding is not received in 1986. Pace acquired an existing building at 2424 Oakton Street for use as the north suburban garage facility. Engineering and design work for renovation of the building will be completed in early 1987, with construction slated to begin later that year. Upon completion, the facility will be used for storage and maintenance of up to 50 vehicles.

Maintenance Equipment

The budget allocates approximately \$715,000 to purchase maintenance equipment and supervisory vehicles for use throughout the suburban metropolitan area. The maintenance equipment is needed in order to maintain the Pace fleet; supervisory vehicles are needed in order to enable Pace staff and subsidized carriers to effectively monitor and supervise bus operations.

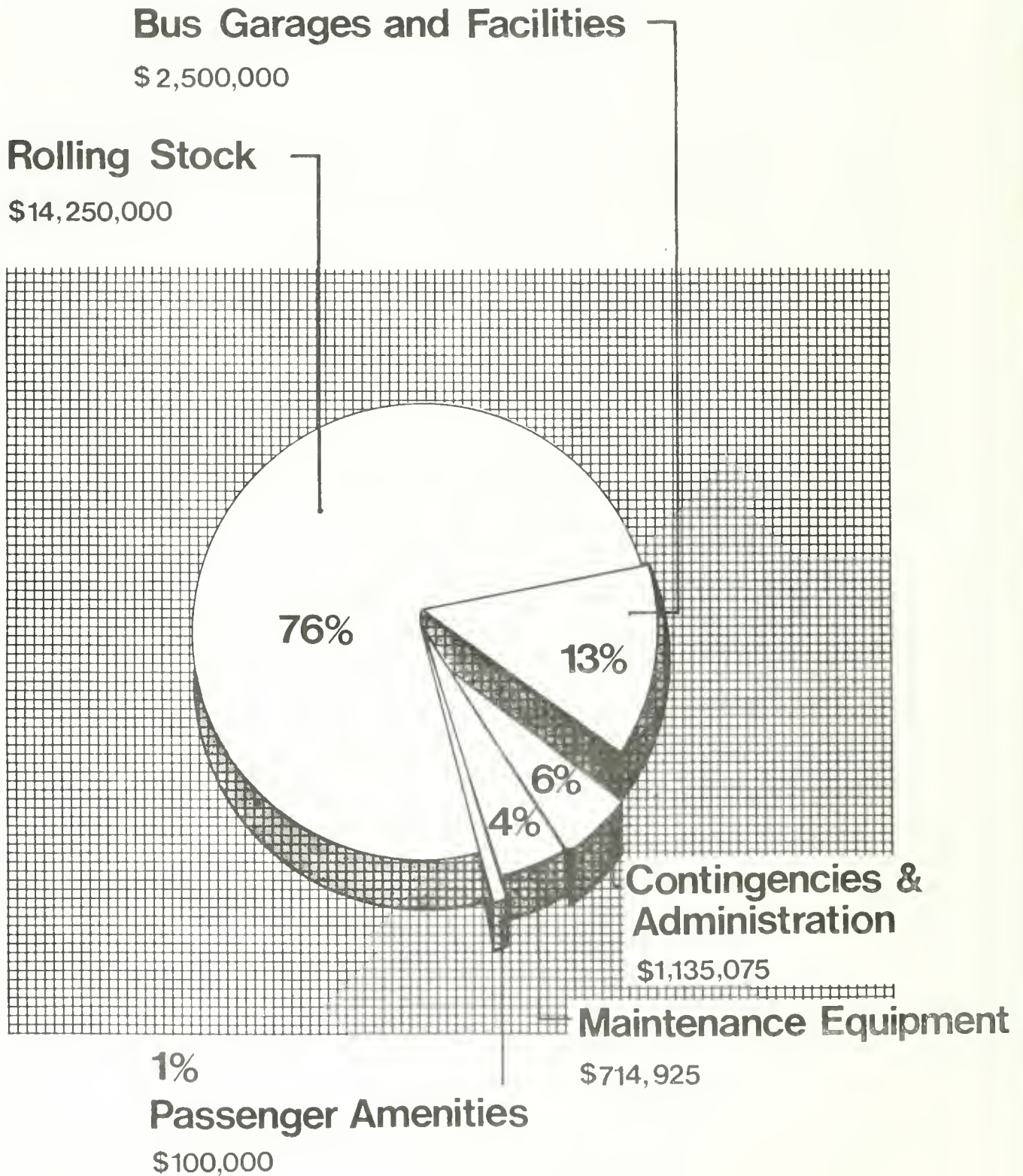
Bus Stop Signs

A total of \$100,000 will be allocated for the purchase of bus stop signs throughout the suburban metropolitan area. Approximately 5,000 bus stop signs will be purchased. These signs will provide a clear and consistent display of route information for suburban bus riders.

1987 PACE CAPITAL BUDGET

<u>Project Element #</u>	<u>Project Description</u>	<u>Amount</u>
<u>Bus Garages and Facilities</u>		
1491	Complete North Shore Garage Construction	<u>\$ 2,500,000</u>
	Subtotal	<u>\$ 2,500,000</u>
<u>Rolling Stock</u>		
1801	Purchase 85 Fixed Route Buses	\$12,750,000
1802	Purchase Associated Capital Items for Fixed Route and Paratransit Buses	<u>\$ 1,500,000</u>
	Subtotal	<u>\$14,250,000</u>
<u>Maintenance Equipment</u>		
1803	Purchase Maintenance Equipment--Chicago	\$ 395,300
1804	Purchase Maintenance Equipment--Aurora	34,075
1805	Purchase Maintenance Equipment--Joliet	135,550
1806	Purchase 15 Supervisory Vehicles	<u>150,000</u>
	Subtotal	<u>\$ 714,925</u>
<u>Passenger Amenities</u>		
1807	Purchase 5000 Bus Stop Signs	<u>\$ 100,000</u>
	Subtotal	<u>\$ 100,000</u>
	TOTAL	<u>\$17,564,925</u>
	Contingencies/Administration	<u>\$ 1,135,075</u>
	GRAND TOTAL	<u>\$18,700,000</u> =====

1987 Capital Program



STRATEGIC PLANNING

Of the region's mass transit market, the suburbs are by far the most difficult portion to serve. Suburbanites typically live in areas of low population density and work in locations scattered throughout the six-county area. There is no central business district in the suburbs and those areas that have emerged as major employment centers (i.e. Naperville, Schaumburg) attract workers from numerous locations. This type of development has contributed to an increasingly automobile-dependent population outside the City of Chicago.

While this development pattern does not appear to offer very good prospects for traditional mass transit service, suburban population and employment represent the largest growth market in the region.

The RTA strategic plan estimates that suburban population will grow by more than 24 percent by the year 2005. Suburban employment is projected to increase by over 31 percent for the same period.

Pace's challenge is to serve this market. In order to help accomplish this, Pace is developing a strategic plan. Working in concert with the RTA's regional strategic plan, Pace has conducted its own appraisal of its role in the region's transit system. To do this, the Pace Board has considered various strategies for the deployment of Pace resources from strategies targeted solely at increasing ridership development to strategies aimed at maximizing revenue.

The Pace Board is examining these general operating strategies and expects to adopt a specific plan by early 1987. Pace intends to address this growing suburban population and employment in a cost-effective manner. To do so will require ingenuity and experimentation with unconventional transit systems while maintaining and building upon those markets that already have been developed.

1987-1989 THREE-YEAR FINANCIAL PLAN

General

The following tables identify Pace's financial plan for 1987 through 1989. The Amended RTA Act requires the service boards to submit such a plan in addition to their annual programs and budgets. The plan must show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's plan for 1987-1989 reflects such a balance while maintaining stable recovery performance.

In order to accomplish this balance, Pace will rely on prior year surpluses. These funds represent uncommitted reserves accumulated in 1984, 1985, and as projected for 1986. If these funds are committed to specific projects, Pace will adjust its Three-Year Financial Plan as required. Projections for 1988 and 1989 are based on the continuation of services and fare levels as established in 1986. No significant service expansions are included in the 1988 and 1989 projections.

The three-year financial plan is also supported by schedules of individual program costs. Major assumptions regarding inflation and ridership growth are identified below.

Assumptions

Inflation for 1987 is projected at 3.5 percent. This rate is expected to increase to 4.5 percent for 1988 and 1989. These projections are consistent with RTA's inflation forecasts as provided to Pace in July.

These rates were used as the basis for all expense growth, except where costs are related to existing obligations or known circumstances that would reflect a different rate of growth.

System-generated revenue growth is based on no additional ridership growth, with the exception of new services and paratransit which is expected to increase by 5 percent annually.

PACE
1987 - 1989
THREE YEAR FINANCIAL PLAN
AND FUND BALANCE
(000's)

	1986 BUDGET	1986 PROJECTED	1987 PROPOSED BUDGET	1988 PROJECTED	1989 PROJECTED
<u>REVENUES</u>					
<u>Public Funding</u>					
Sales Tax	\$ 34,759	\$ 34,369	\$ 36,188	\$ 37,997	\$ 39,897
Public Transportation Fund	10,297	10,053	9,760	8,895	7,967
Federal Operating Grant	2,940	2,701	2,678	2,005	1,352
Other RTA	543	533	1,064	1,182	1,446
Mobility Limited Grant	1,000	1,000	0	0	0
	-----	-----	-----	-----	-----
SUB - TOTAL	\$ 49,539	\$ 48,656	\$ 49,690	\$ 50,079	\$ 50,662
<u>Farebox Revenues</u>					
Public Carriers	\$ 15,866	\$ 14,923	\$ 15,166	\$ 15,166	\$ 15,166
Private Contract Carriers	1,424	1,400	1,444	1,444	1,444
Paratransit	2,655	2,424	2,632	2,763	2,901
New Service	0	0	148	223	223
Other Revenues	550	550	560	560	560
	-----	-----	-----	-----	-----
SUB - TOTAL	\$ 20,495	\$ 19,297	\$ 19,950	\$ 20,156	\$ 20,294
	-----	-----	-----	-----	-----
TOTAL REVENUES	\$ 70,034	\$ 67,953	\$ 69,640	\$ 70,235	\$ 70,956
<u>EXPENSES</u>					
Public Carriers	\$ 39,686	\$ 37,000	\$ 38,777	\$ 40,521	\$ 42,345
Private Contract Carriers	5,836	5,700	5,830	6,092	6,366
Paratransit	5,405	4,900	5,200	5,434	5,679
Administration	6,233	6,227	7,150	7,472	7,808
Centralized Support	4,835	4,682	5,695	5,951	6,219
Fuel	3,450	2,688	2,700	2,822	2,949
Insurance	3,100	1,654	2,100	2,195	2,294
1986, 1987 New Services	489	0	989	1,533	1,602
Grumman Repair Program	0	0	1,000	0	0
Mobility Limited Program	1,000	325	675	0	0
	-----	-----	-----	-----	-----
TOTAL EXPENSES	\$ 70,034	\$ 63,176	\$ 70,116	\$ 72,020	\$ 75,262
SURPLUS (DEFICIT)	\$ 0	\$ 4,777	\$ (476)	\$ (1,785)	\$ (4,306)
<u>FUND BALANCE</u>					
BEGINNING BALANCE	\$ 0	\$ 4,844	*\$ 9,621	\$ 9,145	\$ 7,360
SURPLUS (DEFICIT)	0	4,777	(476)	(1,785)	(4,306)
	-----	-----	-----	-----	-----
ENDING BALANCE	\$ 0	\$ 9,621	\$ 9,145	\$ 7,360	\$ 3,054
	=====	=====	=====	=====	=====

Notes:

* Beginning balance for 1986 of \$4,844,000 reflects unpaid surplus position from 1984 of \$3,184,000, plus uncommitted 1985 PBV of \$1,660,000.

PACE
1987 - 1989 PROGRAM COSTS
AND RECOVERY RATE DETERMINATION
(000's)

	1986 BUDGET	1986 PROJECTED	1987 PROPOSED BUDGET	1988 PROJECTED	1989 PROJECTED
Public Carriers					
Revenue	\$ 15,866	\$ 14,923	\$ 15,166	\$ 15,166	\$ 15,166
Expense	39,686	37,000	38,777	40,521	42,345
Deficit	\$ 23,820	\$ 22,077	\$ 23,611	\$ 25,355	\$ 27,179
Private Contract Carriers					
Revenue	\$ 1,424	\$ 1,400	\$ 1,444	\$ 1,444	\$ 1,444
Expense	5,836	5,700	5,830	6,092	6,366
Deficit	\$ 4,412	\$ 4,300	\$ 4,386	\$ 4,648	\$ 4,922
Paratransit					
Revenue	\$ 2,655	\$ 2,424	\$ 2,632	\$ 2,763	\$ 2,901
Expense	5,405	4,900	5,200	5,434	5,679
Deficit	\$ 2,750	\$ 2,476	\$ 2,568	\$ 2,671	\$ 2,778
New Service					
Revenue	\$ 0	\$ 0	\$ 148	\$ 223	\$ 223
Expense	489	0	989	1,533	1,602
Deficit	\$ 489	\$ 0	\$ 841	\$ 1,310	\$ 1,379
Administration	\$ 6,233	\$ 6,227	\$ 7,150	\$ 7,472	\$ 7,808
Centralized Support	4,835	4,682	5,695	5,951	6,219
Fuel	3,450	2,688	2,700	2,822	2,949
Insurance	3,100	1,654	2,100	2,195	2,294
Mobility Limited Expense	1,000	325	675	0	0
Grumman Repair Program	0	0	1,000	0	0
Subsidy Requirement	\$ 50,089	\$ 44,429	\$ 50,726	\$ 52,424	\$ 55,528
Less other revenues:	550	550	560	560	560
Net Subsidy Requirement	\$ 49,539	\$ 43,879	\$ 50,166	\$ 51,864	\$ 54,968
Summary					
System Generated Revenue	\$ 20,495	\$ 19,297	\$ 19,950	\$ 20,156	\$ 20,294
Total Operating Expense *	70,034	63,176	70,116	72,020	75,262
Operating Deficit	\$ 49,539	\$ 43,879	\$ 50,166	\$ 51,864	\$ 54,968
Recovery Rate	29.69%	30.83%	29.32%	27.99%	26.96%
*Includes recovery exempt amts:	\$1,000	\$575	\$2,075		

ORDINANCE NO.

WHEREAS, the Suburban Bus Division, doing business as and hereinafter referred to as "Pace," is required by the RTA Act as amended to adopt a 1987 Operating and Capital Budget and Program and a financial plan for 1987 through 1989; and

WHEREAS, such program is to comply with the financial and budgetary practices as identified in the amended RTA Act;

NOW THEREFORE, BE IT ORDAINED by the Pace Board of Directors that the attached document identified as the 1987 Pace Operating and Capital Program and the 1987-89 Financial Plan is hereby adopted. The accompanying document entitled Technical Appendix to the 1987 Pace Operating Program and 1987-91 Capital Program Technical Appendix is recognized as an integral part of this document and is also hereby adopted.

